AMO REPORTS 86-3

RESPONSE TO THE REPORT "TAXING MATTERS: AN ASSESSMENT OF THE PRACTICE OF PROPERTY TAXATION IN ONTARIO"

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
MARCH 1986

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ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total intergovernmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections:

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural (ROMA) Section
* Organization of Small Urban Municipalities Section

Association Affiliates:

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario

To the Municipal Clerk:

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AMO Report 86-3: "Response to the Report Taxing Matters: An Assessment of the Practice of Property Taxation in Ontario" was submitted to the Premier of Ontario, the Honourable David Peterson, the Honourable Robert Nixon, Minister of Revenue and Treasurer of Ontario, and to the Honourable Bernard Grandmaitre, Minister of Municipal Affairs, on March 12, 1986.

FORWARD

The Association of Municipalities of Ontario is pleased to have received a request from the Honourable Robert Nixon, Minister of Revenue and Treasurer of Ontario, to respond to the recommendations as contained in the report known as "Taxing Matters: An Assessment of the Practice of Property Taxation in Ontario".

The Association wishes to commend the Ministry of Revenue for introducing this report. It gives a clear indication of a desire to improve the acceptability and understanding of assessment and taxation practices. The report also gives strength to the mutual desire of implementing a full market valuation system for property assessment throughout Ontario. The Association would also like to commend the Minister for his statement to the Legislature on December 16, 1985, at which time he announced that he had already taken steps to implement some of the administrative recommendations that are contained in the "Taxing Matters" report. The positive initiative is encouraging to this Association.

In our response, the Association has concentrated exclusively on the proposals and recommendations as contained in the report, and which are perceived to be currently under review by the provincial government.

There are a number of assessment and taxation problems which are of concern to the Association that have not been addressed in the "Taxing Matters" report, and remain unanswered and/or unresolved. The principal issues have been recorded at the end of the response, and it is the Association's desire to have the consideration of these matters re-activated by the government.

AMO strongly believes that the current environment provides the Government of Ontario with a unique opportunity to institute comprehensive assessment and property tax reform. Given the amount of interest and effort that has occured since 1963 in assessment and property tax reform in Ontario, and the heightened awareness that exists today, the Association urges the government to commit itself to undertake the necessary actions for reform.

INTRODUCTION

The problems of property assessment and property taxation have been of concern to the province and to municipalities for many years. The first serious attempt by the province to delineate the problems and recommend possible solutions was through the appointment of the Smith Committee in 1963. Since then, there have been many committees appointed, many reports and responses prepared and many resolutions presented in an effort to improve the property assessment and taxation system in Ontario.

The following reports are listed in chronological order:

1. The Ontario Committee on Taxation, known as the Smith Committee, commenced its studies in 1963 and presented a three-volume report in 1967.

2. The Report of the Select Committee of the Legislature on the Report of the Ontario Committee on Taxation. This Committee became known as the White Committee and produced its report in 1968.

3. The Report of the Committee on Farm Assessment and Taxation dated 1969.

4. The Report of the Committee on Golf Course Assessment and Taxation dated 1972.

5. The Report of an Intergovernmental Working Group on Real Property Tax Exemption dated 1974.

6. Budget Paper "E" which was included in the 1976 Provincial Budget and set out a proposal for tax reform. This was the first serious indication from the province that it was prepared to change its archaic property taxation system.

7. The Report of the Commission on the Reform of Property Taxation in Ontario, known as the Blair Report, which was finalized in 1977 following six months of hearings and reviewing 900 briefs and 1500 letters.

8. The Association of Municipalities of Ontario Response to the Blair Report, which was presented to the province in April of 1977.

9. A White Paper was produced by the province in 1978, which set out an alternative system for property tax reform.

10. The Report of the Provincial Local Government Committee on Property Tax Reform which was the response to the White Paper, and this report was presented to the Provincial Cabinet on April 19, 1978. There were 55 persons, including representatives from the school boards, involved in the development of this response.

11. In August 1985, the Minister of Revenue initiated a review of the practice of assessment and property taxation in Ontario. Emanating from this review is the report "Taxing Matters: An Assessment of the Practice of Property Taxation in Ontario", which was publicly released in October, 1985.

12. Response to the report "Taxing Matters" which has been prepared by the Association of Municipalities of Ontario and is dated March, 1986.

The Association of Municipalities of Ontario has, in the past, indicated to the Province that it endorsed in 1976 the broad thrust of the fifteen proposals of Budget Paper E and the subsequent recommendations in the Blair Commission Report. At that time, the Association supported without qualification, the framework of principles contained in the Blair Commission Report, namely:

1. That all property be assessed at market value;

2. That real property liable to assessment, include land and any building or other structure on it including only such machinery and equipment as is part of such a building or structure and is used or required primarily for the functional operation of the building or structure or to make it more habitable, and include those foundations as are used in the support of the building or structure only.

3. That the present practice of levying different mill rates on residential and commercial properties be discontinued, and instead a uniform mill rate be employed.

4. That similar property used for similar purposes be treated in the same manner irrespective of the status of the owners or its location.

A tremendous amount of time, effort and money has gone into the production of these reports and it is indeed unfortunate that the goal of a full market valuation system throughout Ontario has not been achieved to date.

AMO remains committed to the implementation of a full market value assessment system and property tax reform. The response to the "Taxing Matters" report reflects this view.

The most notable change in assessment practices during the past twenty years has come about through the wide acceptance and use of Section 63 of the Assessment Act (formerly Section 86). This section was in the Assessment Act for many years but was seldom used. It simply stated that "the assessor may alter the value of the assessment to the extent necessary to make the assessment equitable with the assessment of such similar property". When this section was legislated, it was not envisaged to be a cure-all for global assessment problems nor to act as a substitute for property tax reform.

The extensive use of Section 63(3) took place following the announcement on August 1, 1978, by Lorne Maeck, the then Minister of Revenue, that municipalities experiencing taxation problems would have the right to use this section of the act in order to have a more equitable distribution of taxes among the various classes. The implementation of this section has been undertaken by request from municipal councils and not by provincial initiative.

Initially, most of the municipalities that opted for the use of this section were located within a re-structured upper-tier government. The use of this section did reduce the multiplicity of mill rates that had occured with the merging of municipalities. The horrendous tax inequities which had occured and which were very evident in the merged area had the effect of pressuring a number of municipalities to make an early decision to opt for the use of section 63 of the Assessment Act.

The Association of Municipalities of Ontario is pleased that the majority of municipalities have opted for the use of Section 63, in order to equalize assessments within specific categories. This is a giant step forward in ultimately achieving the objective of a full market value system.

The reluctance on the part of some municipalities to opt for Section 63 is understandable. It is rather odd, but true in many cases, that an inequitable system which as been around for a long time becomes an

acceptable system. On the other hand, an equitable system can become highly unacceptable politically when it adversely affects a substantial number of property owners.

There is a positive side to be considered when reviewing assessment practices and procedures. It would be difficult to dispute the fact that the quality and quantity of assessments have been vastly improved since the province assumed the responsibility for the property assessment function. The extensive use of "Open Houses" has bought the assessor closer to the ratepayer in a normally congenial and informative atmosphere, rather than in the somewhat combative environment of the Assessment Review Board. A more consistent approach in the method of assessment throughout the province, has been possible under the direction of the Ministry.

The Association supports many of the "Taxing Matters" report's recommendations. However, the disagreements with certain recommendations should not be construed as taking a negative attitude towards change. If the government wishes to pursue any of the recommendations within the AMO response, the Association would be pleased to offer its services to further study and discuss any of these items.

Again, the Association of Municipalities of Ontario commends the provincial government for its development of the Taxing Matters report, and welcomes the opportunity to respond to its recommendations. The Association urges the province to expedite the move to market value assessment and property tax reform.

RECOMMENDATIONS

ASSESSMENT REVIEW BOARD AND APPEAL PROCEDURES

1. Taxing Matters Recommendation: It is recommended that administrative practice at the Assessment Review Board include the scheduling of evening meetings in order to better serve individual appellants.
Section 3(1)(i)] (page 14)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: While the Association supports the recommendation, it nevertheless has some reservations on the possible administration of Assessment Review Boards and the processing of assessment appeals. It is recommended that the administrative practice of providing evening meetings for the Assessment Review Board be structured in such a fashion as to request of the appellant, an indication that a evening hearing would be desired.

2. Taxing Matters Recommendation: It is recommended that all decisions of the Assessment Review Board be routinely accompanied by written reasons for the decision rendered, whether requested or not; and, that while nothing should prevent verbal decisions, such decisions not have final effect until such time as written notice and reasons are provided.
[Section 3(a)(ii)] (page 16)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: The Association is of the opinion that written reasons for the decision rendered should not significantly impede the assessment appeal process. To minimize any possible delays, AMO proposes that the Assessment Review Board adopt a standard reporting form for less complex issues of a general nature.

3. Taxing Matters Recommendation: It is recommended that no change be made to the current fee schedules of the Assessment Review Board or the Ontario Municipal Board.
[Section 3(a)(iii)] (page 17)

AMO Response: AMO agrees with the recommendation in Taxing Matters

Discussion: AMO supports the absence of fees for appeals before the Assessment Appeal Board and believes the current OMB fee schedule to be fair and reasonable.

4. Taxing Matters Recommendation: It is recommended that the requirement for the annual reinstatement of a properly-filed appeal by an appellant be eliminated.
[Section 3(b)] (page 20)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association believes that appeals should be launched on an annual basis to ensure that the taxpayer is aware that they are responsible for the appeal. This process will also ensure that municipalities, for which potential tax reductions from the preceding year's appeals are likely, will be able to take the appropriate budgetary action.

5. Taxing Matters Recommendation: It is recommended that the Notice of Assessment be returned to its former status as an annual statement to all property owners and tenants in Ontario.
[Section 3(c)] (page 23)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association is of the opinion that it should not be necessary to send an annual assessment notice. However, if there is a change in the assessment or a change in the information which would appear on the assessment roll, then a notice should be sent to the ratepayer and/or tenant. This notice would, in effect, alert the ratepayer or tenant that a change in assessment or information is contemplated. All ratepayers can be properly notified of the annual right to appeal and assessment through newspaper advertisements. AMO recognizes that through the elimination of the annual assessment notice, a saving in excess of $2 million has been realized annually, which is considered significant.

6. Taxing Matters Recommendation: It is recommended that the lodging of an appeal act as a stay on the disputed amount of the newly-determined assessment until such time as the matter is finally resolved by the Assessment Review Board or the Ontario Municipal Board. Payment would continue on the non-disputed amount; that is, the level of assessment existing prior to the increase.
[Section 3(d)] (page 26)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The recommendation, together with recommendations 6, 7, 8, and 9, proposes a procedure that would not only be extremely difficult to administer, but may also create additional problems for the municipality. For example, the negative response of unsuccessful appellants when charged an interest and penalty rate based on the rates in effect in the municipality for unpaid taxes should not be overlooked nor indeed underestimated.

At the present time, a municipality can pay interest on overpayments which are as a result of successful appeals. AMO is of the opinion that the paying of interest on these overpayments should be mandatory and that the interest paid should be at a rate outlined in the Municipal Interest and Discount Rates Act (Section 5).

7. Taxing Matters Recommendation: It is recommended, in line with federal practice related to income tax disputes that, in the event a taxpayer is unsuccessful in an appeal from the Ontario Municipal Board to a court, the taxpayer then be required to pay the disputed increase in taxes or post security, even though the taxpayer intends to appeal that first court decision to a higher court.
[Section 3(d)] (page 26)

AMO Response: AMO disagrees (see AMO response to recommendation 6).

8. Taxing Matters Recommendation: It is recommended that, as a deterrent to the deliberate deferral of the payment of taxes, any increase in assessment and taxes as finally determined be subject to the mill rate and be made to apply and have effect retroactively to the date of the appeal.
[Section 3(d)] (page 27)

AMO Response: AMO disagrees with this proposal in light of its comments regarding recommendation 6. The proposal would lead to loss of municipal revenues from taxes and interest accrued during the appeal period.

9a. Taxing Matters Recommendation: It is recommended that, in the event of an unsuccessful attempt by a taxpayer to reduce his or her assessment, the municipality be entitled to charge interest on the amount of taxes owing, retroactive to the date of the appeal.
(page 27)

Similarly, interest would also be charged on amounts owing if the appeal was successful in reducing the assessment, but unsuccessful in reducing it to its original assessed value which existed prior to the making of the appeal.
(page 28)

AMO Response: AMO disagrees (see AMO response to recommendation 6).

9b. Taxing Matters Recommendation: It is recommended that the interest rate to be charged be the subject of municipal determination, but that it may not be more nor less than the municipality elects to charge on the payment of overdue taxes. No minimum or maximum rates are proposed for these two interest rates.
(page 28)

AMO Response: AMO disagrees (see AMO response to recommendation 6).

9c. Taxing Matters Recommendation: It is recommended that, in the event of a successful appeal by a government or school board which has the effect of raising the assessed value, no retroactivity or interest rate provisions should apply.
[Section 3(d)] (page 28)

AMO Response: AMO disagrees (see AMO response to recommendation 6)

ASSESSORS AND PROVINCIAL ASSESSMENT POLICIES

10. Taxing Matters Recommendation: It is recommended that improvement be undertaken in the promotion of familiarity with local conditions for assessors temporarily relocated to undertake time-specific assessment work.
[Section 3(e)] (page 30)

AMO Response: With the exception of recommendation 11b, the Association does not believe it appropriate to respond to recommendations relating to the internal administration of the Assessment Branch of the Ministry of Revenue, other than to state as a general principle, the Association supports any reasonable action taken to improve the assessment function.

11a. Taxing Matters Recommendation: It is recommended that the Assessment Program Policy Manual - which is proposed for

wider distribution in Section 5(a) - be amended to outline the process for on-site inspection in determining assessment. (page 31)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

11b. Taxing Matters Recommendation: Further, it is recommended that failure to comply with the process outlined above result in disciplinary action being taken, and that this banning of "windshield assessments" be indicated by Ministerial statement and by an amendment to the Assessment Program Policy Manual. [Section 3(e)] (page 32)

AMO Response: AMO agrees in part.

Discussion: As a general principle, the Association is on record as supporting any reasonable action taken to improve the assessment function, particularly on those matters having a direct and significant impact on the operation of municipal government. With respect to that part of the recommendation relating to "windshield" assessments, the Association urges the Ministry of Revenue to undertake appropriate actions to ensure that windshield assessments are not employed during the section 63 reassessment process, and that all assessment reviews under section 63 are on-site assessments.

12. Taxing Matters Recommendation: It is recommended that the Assessment Program Policy Manual be amended by the introduction of a statement prohibiting the discouragement by assessors of assessment appeals by individuals. [Section 3(e)] (page 32)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

THIRD PARTIES AND TAX AGENTS

13. Taxing Matters Recommendation: It is recommended that Section 39 of the Assessment Act be amended to require prior consent

in the appeal of another person's assessment, save for any appeal undertaken by a government or school board.
[Section 3(f)] (page 37)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

14. Taxing Matters Recommendation: It is recommended that no agent of any owner be permitted standing at the Assessment Review Board or the Ontario Municipal Board unless the prior written consent of the owner of the affected property has first been obtained.
[Section 3(f)] (page 38)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

15a. Taxing Matters: It is recommended, notwithstanding the Condominium Act, that no agent or condominium corporation be given standing at the Assessment Review Board or the Ontario Municipal Board in the matter of an appeal of any or all of the units in a condominium building, unless the prior written consent of the affected individual unit owner has first being obtained.
(page 38)

AMO Response: AMO agrees in part with the recommendation in Taxing Matters.

Discussion: AMO supports a condominium Board of Directors being granted a standing before the Assessment Review Board with either: the written consent of the affected individual unit owners or being given the authority by a majority of the unit owners at a general meeting supporting a by-law granting the Board of Directors the authority to appeal an assessment for the entire condominium.

15b. Taxing Matters Recommendation: An exception to this rule should apply to the units owned by the condominium corporation itself, in which case its own prior consent is not necessary.
[Section 3(f)] (page 39)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

16. Taxing Matters Recommendation: It is recommended that, where tenants are affected, owners be required to notify tenants of the facts, in the event that a decision to appeal an assessment

of the subject property is instigated by the owner. Further, this requirement should be legislated, and the proof of its having been carried out should act as a pre-condition to the commencement of any hearing before the Assessment Review Board or the Ontario Municipal Board.
[Section 3(f)] (page 39)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

THE PAYMENT OF TAX BILLS

17. Taxing Matters Recommendation: It is recommended that the 14-day period for the payment of taxes be extended to 21 days, prior to which charges for late payment may not be imposed.
[Section 3(g)] (page 42)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association can not support this recommendation because many municipalities have installments occuring very early in the year and others provide numerous installment payment dates. A change to the 21-day notice period would not be workable in these situations. Additionally, the need to record the current year's revenues from the final supplementary taxes of any taxation year can not be accommodated within the time-frame being considered.

THE FREEZING OF ASSESSMENTS

18a. Taxing Matters Recommendation: It is recommended that an amendment to Section 63(1) of the Assessment Act be introduced in order to continue the freeze of the assessment roll to be returned in 1985.
(page 44)

AMO Response: AMO has no comment.

Discussion: The Association is aware that this recommendation has been enacted (Bill 57: An Act to amend the Assessment Act, which received Royal Assent December 6, 1985). AMO is disappointed with the recurring annual freeze of the assessment role and urges the government to act on the Association's comments concerning recommendation 47b of the Taxing Matters report at its earliest opportunity.

18b. Taxing Matters Recommendation: It is recommended that the duration of the freeze continue to be for a period of one year only. The process of consideration and public accountability that follows the introduction of an annual bill should continue to act as an incentive to the ultimate formulation of a program for market value reform.
[Section 4(a)] (page 45)

AMO Response: AMO agrees with the recommendation in Taxing Matters, as an interim measure.

Discussion: By virtue of the freezing of assessments in 1970, inequities have grown over time, both among ratepayers in each municipality and among municipalities. While the implementation of Section 63 of the Assessment Act in a number of municipalities has resulted in some reduction of these inequities, the Association strongly supports a move by the Government of Ontario to proceed with the implementation of market value assessment throughout the province, as a first step toward comprehensive assessment and property tax reform.

ASSESSMENT OF CONDOMINIUM/CO-OPERATIVES

19. Taxing Matters Recommendation: It is recommended that the Assessment Act be amended to restore the freezing of all condominium/co-operative units, in order to provide this class with the same stability afforded other classes of property.
[Section 4(b)] (page 60)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

20. Taxing Matters Recommendation: It is recommended that no amendment be undertaken to Section 65(2) of the Assessment Act which would have the effect of providing for the comparison of the proportion of the market value of condominiums/co-operatives with single-family houses only.
[Section 4(b)] (page 61)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

THE DISABLED & SENIORS - COMMUNITY PROGRAMS

21a. Taxing Matters Recommendation: It is recommended that Section 3.22 of the Assessment Act be amended to permit the application

of the Disabled and Seniors in the Community Program to extend to include improvements to group homes (residential care facilities) housing up to 10 persons, exclusive of staff. (page 65)

AMO Response: AMO disagrees with the recommendation within the Report on Taxing Matters.

Discussion: While the Government of Ontario's objective to maintain those who might otherwise be placed in a provincial institution is commendable, the use of municipal property tax exemptions as a mechanism to relieve the government of funding responsibilities in this respect represents a further intrusion upon the municipal property tax base. The Association recommends that the government employ provincial tax credits as a mechanism to assist persons.

21b. Taxing Matters Recommendation: Given the relatively low take-up of the Disabled and Seniors Community Program, and its minor effect on municipal revenues, it is recommended that the advertising program undertaken in May 1984 be undertaken again in order to extend the understanding and application of the program across Ontario. [Section 4(c)] (page 65)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association encourages the Province to rethink the practice of property tax exemptions for this program and for other programs. Re-advertising a program that is not working and serves only to erode the property tax base is an inappropriate approach to provincial social policy objectives.

ENVIRONMENTAL HAZARDS

22. Taxing Matters Recommendation: It is recommended that a new procedure for assessment relief in relation to environmental hazards be put in place, as follows:

a. A wide list of potential hazards should be developed, and a policy for a reduction in assessment determined for each. (page 67)

b. Upon the discovery of a hazard, the policy should be announced, and administered directly by assessors in order to provide immediate relief to affected owners.

At the same time, the policy should be communicated by the Minister of Revenue to the Assessment Review Board and the

Ontario Municipal Board for their consideration in the event of assessment appeals, and to the Clerk of any affected municipality.
(page 68)

c. At the same time of the discovery, it should be the responsibility of the Minister of Revenue to undertake to determine the party/government(s) responsible for the presence of the hazard, and to bring forward a recommendation intended to gain relief from such party or government(s).
(page 68)

In this manner, accountability to aggrieved persons, and to municipalities free from responsibility in the matter, may be pursued. [Section 4(d)] (page 68)

AMO Response: AMO disagrees with the recommendations in Taxing Matters.

Discussion: The Association strongly proposes, as it did on the occasion of the provincial government's decision to assist residential properties containing urea formaldehyde through the reduction of property assessments, that such relief should not be at the expense of the municipal government. Such action represents an intrusion upon the municipal property tax base. The origin was not the making of any municipal council. In addition, and aside from the very important fact that the control of the environmental hazards is in the final analysis the responsibility of the Ministry of the Environment, the Association cannot help but be concerned that such a concept will eventually find its way, through the legislative or judicial process, as having application to municipal commercial and industrial properties. Further, the Association expects that any significant ongoing environmental hazard will be reflected in market value assessment, through the declining worth of the property.

TAXATION OF NON-PROFIT COMMUNITY BASED-ORGANIZATIONS

23a. Taxing Matters Recommendation: It is recommended that the Assessment Act be amended to provide an exemption to non-profit child care centres which occupy educational or any other property already having an exempt status under the Act.
(page 70)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association's position with respect to the subject is as follows:

Charitable and non-profit organizations, with the exception of religious and educational institutions, should be subject to municipal property taxation and each levying body should determine if assistance (grants-in-aid) should be given and at what level.

The Association acknowledges that there are many charitable and non-profit organizations performing valuable, if not essential, services within municipalities. However, there are also organizations whose interests are parochial or very restricted in the area of community service or whose services represent a duplication of services provided by others. For these reasons the Association contends that the ultimate decision with respect to evaluation of requests for assistance is best achieved by those responsible for the establishment of local government policies and expenditure priorities. Property exemptions mandated at the provincial level to such groups, fail to consider the importance of local decision-making. The Province must stop the expansion of property tax exemptions to meet its social policy objectives and recognize that property taxation is a municipal responsibility.

23b. Taxing Matters Recommendation: It is recommended that the Ministry of Revenue, in consultation with the Ministries of Education and Community and Social Services, now proceed to review the tax treatment of all non-profit, community-based organizations, having particular regard to the exemption of organizations occupying property already exempt from assessment and taxation.
[Section 4(e)] (page 70)

AMO Response: AMO has no comment (see AMO response to recommendation 23a).

RESPONSIBILITY FOR ASSESSMENT FUNCTION

24. Taxing Matters Recommendation: It is recommended that consideration of the assessment function from the province to its municipalities be deferred until such time as all municipalities in Ontario are operating under some form of a market value assessment program.
[Section 4(f)] (page 80)

AMO Response: AMO disagrees with the proposal to return the assessment function to municipal government.

Discussion: Aside from the substantial costs that would be placed upon municipal governments in assuming the assessment function, the Association questions the advisability of such a

course of action even when all municipalities are "operating under some form of market value assessment program" as proposed within Taxing Matters. The Association contends that aside from the provincial government's failure to meet its long-standing commitment to effect comprehensive assessment and municipal property tax reform, the provincial operation of the municipal property assessment function has much for which it can be commended. The principal attributes of a provincial assessment function is the opportunity such will provide towards the achievement and maintenance of a high degree of consistency and consensus within the process, let alone efficiency. The diminution of this objective through the return of the assessment function to differing municipal jurisidictions would be, in the opinion of the Association, a regrettable and regressive step.

25. Taxing Matters Recommendation: It is recommended that the government indicate its support, in principle, for the provision of a higher degree of municipal responsibility in the setting of variable mill rates, such increased responsibility to apply only to those municipalities having a reassessment program in place; and that an in-depth study of this provision be undertaken in 1986.
[Section 4(f)] (page 80)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The report offers no background or rationale as to its recommendation for a "higher degree of municipal responsibility in setting variable mill rates". The Association believes that establishing a practice of variable millrates will lead to the creation of imbalances and inequities that property tax reform is expected to alleviate. AMO supports moving toward one millrate for all property in a market value assessment system; however, until this objective can be reached, the Association supports the maintenance of the 15% differential between residential assessment levels and industrial/commercial assessment levels.

PUBLIC INFORMATION/EDUCATION

26a. Taxing Matters Recommendation: It is recommended that the Assessment Program Policy Manual and its updates be distributed to all public libraries, and to all municipalities, at cost. (page 82)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

26b. Taxing Matters Recommendation: It is recommended that public access to the Manual in the Regional Offices, which is generally unknown to the public, be advertised.
[Section 5(a)] (page 83)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: While AMO agrees with the recommendation as to public access to the manual in regional offices, nevertheless it suggests that the manual is a complex and highly technical publication which the average ratepayer would have difficulty comprehending. Advertising may create a false expectation of its usefulness to those not familiar with assessment practices. The Ministry should consider the development of a publication that will meet the needs of appellants and be of assistance to the average ratepayer.

27. Taxing Matters Recommendation: It is recommended that the Ministry of Revenue undertake the public release of all market value impact studies undertaken by it, and that such release take place immediately upon completion of such studies.
[Section 5(a)] (page 83)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

28. Taxing Matters Recommendation: It is recommended that a review be undertaken of the scope of pamphlet and brochure information on assessment and property tax matters, with a view to the production of literature for every program and service available to the public.
[Section 5(a)] (page 83)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

29. Taxing Matters Recommendation: It is recommended that the Ministry of Revenue adopt as an administrative personnel policy the requirement that bilingual or French-language assistance be available in each of the 31 Regional Offices which service com-

munities in which the need for French language service is warranted.
[Section 5(b)] (page 85)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

30. Taxing Matters Recommendation: It is recommended that all Notices of Assessment be produced in both of Canada's official languages.
[Section 5(b)] (page 85)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

31a. Taxing Matters Recommendation: It is recommended that a multi-language insert be produced for distribution with the Notice of Assessment in Metropolitan Toronto. The insert should indicate, in the variety of most frequently used languages, that information in the language of choice is available at a given phone number.
(page 86)

AMO Response: The Association has no objection to the suggestion.

31b. Taxing Matters Recommendation: It is recommended that a second multi-language insert be produced for distribution with the Notice of Assessment in Metropolitan Toronto. This insert should advise of the "open houses" available to explain assessments, and draw attention to the procedure for appeal and the important appeal dates.
(page 86)

AMO Response: The Association has no objection to the proposal.

31c. Taxing Matters Recommendation: It is recommended that the success of this expansion of services be reviewed within one year, and that a determination be made as to the merits of its implementation beyond Metropolitan Toronto.
[Section 5(b)] (page 86)

AMO Response: The Association has no objection to the proposal.

32. Taxing Matters Recommendation: It is recommended that the Attorney-General undertake to review and provide for interpretation services, as appropriate, in proceedings before the Assessment Review Board.
[Section 5(b)] (page 86)

AMO Response: The Association does not support this concept.

Discussion: The Association has recorded its support for the right to communicate and/or receive services in either of the two official languages of Canada in provincial offices. However, while the Association has no objection to the extension of interpretation services to other languages in such municipalities as Metropolitan Toronto, it questions the impact upon the administration of Assessment Review Boards if such extended interpretation services were to be mandated throughout the province.

33. Taxing Matters Recommendation: It is recommended that the Notice of Assessment be the subject of a thorough redesign in order to simplify its meaning and to clarify its significance to property taxpayers.
[Section 5(d)] (page 92)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: The redesign of assessment notices has the support of the Association, with the understanding that the notice will clearly indicate that the assessment function is a provincial responsibility.

34a. Taxing Matters Recommendation: It is recommended that, following the making of an appeal, an appellant, having requested such information in writing, should be entitled to receive from the Regional Assessment Commissioner the following data on each comparable property to be employed by the Commissioner:

- municipal address;
- gross floor area;
- total land area and dimensions, by lot; and
- number of rooms.

(page 97)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

34b. Taxing Matters Recommendation: It is recommended that such request in writing must be made within 10 days of the filing of

an appeal with the Assessment Review Board, and that such information must be provided to the appellant no later than 5 working days prior to the hearing date.
(page 98)

AMO Response: AMO agrees as amended as follows: second last line change "5" to "30" so that the recommendation would read "... no later than 30 working days prior to the hearing date."

Discussion: While AMO supports the intent of the recommendation, it believes its proposed change to "30 days" will promote assessor/taxpayer dialogue. The five day limit does not ensure that the taxpayer has sufficient time to review the material and determine if the appeal should proceed.

34c. Taxing Matters Recommendation: It is recommended that the Assessment Review Board adopt as procedural policy a refusal to commence a hearing on the evidence unless it is satisfied that a written request for such information to the Regional Assessment Commissioner has been properly satisfied.
(page 98)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

34d. Taxing Matters Recommendation: It is recommended that the process outlined herein be contained in brochure material to be distributed with the annual Notice of Assessment.
[Section 5(e)] (page 98)

AMO Response: AMO disagrees with the recommendation in Taxing Matters (see AMO response to recommendation 3)

35. Taxing Matters Recommendation: It is recommended that legislation be enacted to require all Regional Assessment Commissioners to submit public annual reports to each of the municipalities under their jurisdiction upon the annual return of the assessment roll.
[Section 5(f)] (page 99)

AMO Response: AMO commends the Minister of Revenue on the decision to implement the recommendation.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

RESIDENTIAL IMPROVEMENTS

36. Taxing Matters Recommendation: It is recommended that the Assessment Act be amended to provide that improvements to any existing residential property be exempt from valuation for assessment provided that such improvements are decorative, cosmetic, related to the replacement of existing heating, plumbing or electrical services, or related to the decorative restoration of lands or buildings designated under the Ontario Heritage Act.
[Section 6(a)] (page 107)

AMO Response: The Association agrees with the general thrust of this recommendation, but disagrees with the reference to an Assessment Act amendment and also has reservations regarding exemptions to lands or buildings designated under the Ontario Heritage Act.

Discussion: At the present time, there exists a practice which is prevalent throughout the Province, of exempting maintenance improvements. The problems arises from the inconsistent application of these exemptions by the various assessors. "Taxing Matters" attempts to define the maintenance improvements in order that the approach to this type of exemption will be treated by all assessors in a consistent manner, province-wide. The Association is supportive of this clarification. These maintenance improvements should likely be defined in either regulations or in the Assessment Policy Manual. If there is an upgrading in the replacement of existing services, this could have the effect of increasing the market value of the property. These upgraded improvements should be taken into consideration when re-assessment takes place under Section 63 or Section 70 or under the proposed re-assessment program which would take place every four years.

AMO supports the principle that normal residential property maintenance should not increase the tax burden. It is expected that, under market value assessment, these regular activities of home ownership will maintain the home at its assessment value and prevent downward re-assessment.

The Association supports and encourages the restoration of lands or buildings designated under the Ontario Heritage Act. In that these activities benefit the Ontario community as a whole and fall under provincial legislation, the provincial government should assume the costs associated with increased assessment consequent from property improvement.

37. Taxing Matters Recommendation: It is recommended that, in the event that a prospective purchaser of a new home requests a builder not to complete certain improvements to the home, in the knowledge that their later completion by the purchaser

would free them from increased taxation, the Regional Assessment Commissioner be given the discretion to forbid any resulting exemptions for improvement on the basis of the intentions of the purchaser or seller.
[Section 6(a)] (page 107)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: It is presumed that this recommendation relates to the current practice of allowing up to $5,000 in construction improvements before attracting assessment. The discretionary authority given to the Regional Assessment Commissioner causes some concern.

38. Taxing Matters Recommendation: It is recommended that relief for property improvement should continue to be provided regardless of the extent of the improvement, provided that, in the opinion of the Commissioner, an entire new home is not being constructed. In that event, no relief should be provided.
[Section 6(a)] (page 108)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: With a $5,000 limit on improvements, this recommendation would appear to be redundant.

39. Taxing Matters Recommendation: It is recommended that such relief apply to all classes of residential property regardless of their status as owner-occupied. This would include relief to the absentee owners of rental property, in recognition of the need to promote a good standard of maintenance of the rental housing stock.
[Section 6(a)] (page 108)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The recommendation appears to be redundant if recommendation 36 applies to all properties.

40. Taxing Matters Recommendation: It is recommended that a list of exempted improvements, based on Recommendation 36, be included in the Assessment Program Policy Manual.
[Section 6(a)] (page 109)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

41. Taxing Matters Recommendation:

a. It is recommended that Section 63(2) of the Assessment Act be amended to remove the province-wide figure $5,000, and to permit its replacement by a municipally-determined limit of market value improvements, below which no such improvement shall be assessed. The $5,000 figure should, however, remain in effect until a municipal limit is established.
(page 117)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association supports the continuance of a standard province-wide exemption to be reviewed periodically. AMO recognizes that market value varies throughout the Province, and that a flat value exemption does not have the same effect in all municipalities. Nevertheless, a move to allow local councils to determine an exemption in excess of the fixed dollar value would likely result in greater disparities than those that exist under present legislation. AMO also urges that any change to the $5,000 figure should be implemented only after consultation between the Association of Municipalities of Ontario and the Ministry of Municipal Affairs.

b. It is recommended that, in the case of area municipalities within regions and counties, the effect of this exemption not be included in the calculation of municipal contributions to the region or county.
(page 117)

c. It is recommended that, in the case of a region or county which has adopted a full market value assessment program, there should be no variation in the exemption limit amongst the municipalities within the region or county.
(page 118)

d. It is recommended that no exemption limit be less than $5,000, unless specifically authorized by the Executive Council of Ontario.
(page 118)

e. It is recommended that this exemption continue to apply to all classes of property, and that municipalities be empowered to set different annual exemption limits for different classes of property. No variation in limits should be permitted within any property in class..
(page 119)

f. It is recommended that, in the event that the market value of improvements exceeds the exemption limit as determined by the municipality, only the value of improvements in excess of the exemption limit, and not the total value of improvements undertaken, be the subject of the increased assessment.
(page 119)

AMO Response: AMO disagrees with these above recommendations in Taxing Matters (see AMO response to recommendation 41[a])

g. It is recommended that, in the event that improvements are made in two or more successive years which fall below the exemption limit in each individual year, but exceed the limit in their total, the amount of added market value should be cumulative for calculation purposes, and the amount in excess of the exemption limit should be subject to an increase in assessment whenever it is reached.
(page 120)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

h. It is recommended that the exemption limit carry with the owner of the property, and that successive owners be entitled to a new exemption upon their ownership.
(page 121)

i. It is recommended that the exemption apply to a major rebuilding, provided that the Regional Assessment Commissioner is satisfied that an entire new building is not being constructed. In that event, the exemptions for improvements should not apply.
[Section 6(b)] (page 121)

AMO Response: AMO disagrees with the recommendation in Taxing Matters (see AMO Response to recommendation 41[a]).

42. Taxing Matters Recommendation: It is recommended that the special tax relief for home improvement contained in Chapter 130, Section 1 of the City of Toronto Act, be repealed.
[Section 6(b)] (page 121)

AMO Response: AMO has no comment.

43. Taxing Matters Recommendation: It is recommended that Section 63(2) of the Assessment Act be amended to permit the cumulative calculation of improvements to a property, regardless of the timing of their discovery by the Regional Assessment Commissioner.
[Section 6(c)] (page 126)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

44. Taxing Matters Recommendation: It is recommended that the leave to appeal sought by the Ministry of Revenue in relation to the Ontario Municipal Board decision of June 26, 1985 re: 48 Russell Street, Toronto, not be proceeded with.
[Section 6(c)] (page 133)

AMO Response: AMO has no comment.

Discussion: A statement by the Minister of Revenue to the Legislature, December 16, 1985, announced the Government's intention to implement the recommendation.

45. Taxing Matters Recommendation: It is recommended that the Assessment Act be amended to require that unless in the event of the introduction or update of a reassessment program, a reassessment undertaken pursuant to Section 63(2) intended to assess improvements to a property shall result in the assessed value being related to the value of the improvements only, and then added to the existing assessed value of the property. This provision should apply to all classes of property, and in areas with or without reassessment programs.
[Section 6(c)] (page 133)

AMO Re ponse: AMO agrees with the recommendation in Taxing Matters.

46. Taxing Matters Recommendation: It is recommended that, as a consequence of Recommendation 44, a roll-back of increased assessments should not be pursued.
[Section 6(c)] (page 134)

AMO Response: No comment.

REASSESSMENT STRATEGY

47a. Taxing Matters Recommendation: It is recommended that the Government adopt a policy of the active promotion of Section 63 reassessment in those municipalities without benefit of a reassessment program, except for those municipalities who select a full market value (Section 70) option.
(page 143)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Province should not actively promote Section 63 reassessment; instead, they should implement, by legislation if necessary, Section 63 reassessment across the Province.

47b. Taxing Matters Recommendation: It is recommended that the Government set as a goal the establishment of Section 63 reassessments (unless otherwise replaced by Section 70 reassessments) in all of Ontario's municipalities, regions and counties by the end of 1988.
(page 144)

AMO Response: AMO agrees, in the strongest terms possible, with the recommendation in Taxing Matters with the understanding that this movement to Section 63 reassessments be mandated by the Province by no later than 1988, as discussed in the Taxing Matters Report.

Discussion: The Association has recorded its view on a number of occasions that a county-wide or region-wide Section 63 is a logical step towards equitable property assessment and taxation within a region or a county. Consideration should be given to upper-tier costs that fall outside regional and county boundaries to ensure they are apportioned on an equity basis.

47c. Taxing Matters Recommendation: It is recommended that, in the event that such goal is not met, the Government undertake to make mandatory, the establishment of a Section 63 reassessment program in all municipalities.

47d. Taxing Matters Recommendation: It is recommended that, following the completion of this program, all reassessment programs in Ontario be based on a common base year for general reassessment purposes.
[Section 7(b)] (page 144)

AMO Response: AMO agrees with both of the above recommendations in Taxing Matters.

48. Taxing Matters Recommendation: It is recommended that Section 70 (full market value) reassessments continue as a locally-based

option for municipalities, regions and counties, and that, where requested, provincial support and assistance be provided in their implementation.
[Section 7(b)] (page 148)

AMO Response: AMO agrees with the recommendation in Taxing Matters, provided the implementation of Section 70 of the Assessment Act is on a voluntary basis.

49. Taxing Matters Recommendation: It is recommended, upon completion of the establishment of Section 63 reassessments in all of Ontario's municipalities, as proposed herein, that the Government proceed to promote or require, as appropriate, the implementation of full market value based reassessments for all land in Ontario.
[Section 7(b)] (page 148)

AMO Response: The Association partially agrees with the recommendation in Taxing Matters on the basis of AMO Policy AT-4 and AT-5.

Discussion:

AMO Policy Guideline AT-4 states: "that the Association strongly supports a move by the provincial government to proceed with the implementation of market value assessment and property tax reform; however, it believes that grant reform should be undertaken in conjunction with the foregoing;"

AMO Policy Guideline AT-5 states: "The implementation of property tax reform based on market value assessment, for grant apportionment and local tax purposes is supported."

50a. Taxing Matters Recommendation: It is recommended that the Assessment Act be amended to require that, where a reassessment program is in place, such program shall be subject to a mandatory general reassessment at periods no longer than once every four years.
(page 150)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: The recommendation for automatic updating has been endorsed by the Association on several occasions.

50b. Taxing Matters Recommendation: It is recommended that the current requirement for municipal resolution requesting such general reassessment be eliminated.
[Section 7(c)] (page 150)

AMO Response: AMO agrees with the recommendation in Taxing Matters.

Discussion: The recommendation was endorsed by the 1983 Annual Conference of the Association.

51a. Taxing Matters Recommendation: It is recommended that legislation to permit region and county reassessment under Section 63(3) of the Assessment Act generally not be introduced, but that the specific formula for adoption be the subject of region and county determination and individual legislation. (page 152)

AMO Response: AMO disagrees with the recommendation in Taxing Matters.

Discussion: The Association believes that the Ministry of Revenue should develop a formula for a county or region-wide Section 63. AMO has repeatedly requested amendments to the Assessment Act to permit a county or region-wide Section 63 re-assessment. The Ministry should develop a formula for the implementation of a county and region-wide Section 63.

51b. Taxing Matters Recommendation: It is recommended that, in the course of the promotion by the Government of Section 63 reassessment programs, specific efforts be made to encourage and facilitate the adoption of regional and county formulae for regional and county reassessments. [Section 7(d)] (page 153)

AMO Response: AMO agrees (see AMO response to recommendation 51a.)

METROPOLITAN TORONTO - REASSESSMENT

52. Taxing Matters Recommendation:

a. It is recommended, in view of the agreement now reached with the Mayors and Chairman of Metropolitan Toronto to proceed towards the implementation of a reassessment within Metropolitan Toronto, that a Metropolitan Toronto Reassessment Task Force be struck, to be comprised of two representatives to be selected by each of the seven municipalities, the Metropolitan Toronto School Board and the Metropolitan Separate School Board, and representatives of the Ministries of Revenue and Municipal Affairs. (page 156)

b. It is recommended that, in the event that new Mayors or a new Chairman assume office in 1985 or 1986, the agreement now reached be pursued with them.
(page 157)

c. It is recommended that the Government appoint a Chairman to the Task Force and a full-time Director, at levels of remuneration to be determined.
(page 157)

d. It is recommended that the Ministries of Revenue and Municipal Affairs provide all facilities, research, data collection and analysis as may be requested by the Task Force.
(page 157)

e. It is recommended that Metropolitan Toronto be requested to consider whether the functions of its Advisory Task Force on Assessment Reform might best be assumed by the Metropolitan Toronto Reassessment Task Force.
(page 157)

f. It is recommended that, in the event of a failure to reach a locally-determined decision by Metropolitan Toronto Council, or each of the area municipalities, as the case may be, by September 1, 1986, the Government determine at that point the merits, substance and formula for a provincially-imposed reassessment.
(page 157)

g. It is recommended that, in the event of a municipal proposal for reassessment made prior to September 1, 1986, the Government of Ontario now indicate its willingness, in principle, to assist in the provision of funds, grants, credits or otherwise for the relief of low-income households adversely affected by the reassessment.
(page 158)

h. It is recommended that the Task Force give consideration to municipally-based relief for low income households adversely affected by a reassessment, having regard, for example, to the relief program adopted by the City of Ottawa on November 21, 1979 upon the introduction of its reassessment program.
(page 159)

i. It is recommended that the Government also now indicate its willingness to support, in principle, a phased approach to the implementation of a reassessment.
(page 159)

j. It is recommended that the Task Force consider, as part of its review, the elimination of the 1921 graded exemption program applicable in the City of Toronto (1921) and the former Town of New Toronto (1923).
[Section 7(e)] (page 159)

AMO Response: The Association will not address the recommendations under the sections of the report devoted to reassessment in Metropolitan Toronto, other than offer its support in principle to their general thrust.

However, the Association wishes to record with the Government of Ontario, the strong viewpoint that progress with respect to assessment reform in the rest of Ontario should not be delayed pending the outcome of the Metropolitan Toronto study and any subsequent action.

Discussion: The Association is very encouraged by the early initiative of the Chairman of the Municipality of Metropolitan Toronto and the Mayors of the municipalities in establishing a task force whose mandate is to propose for the consideration of the Council of Metropolitan Toronto and its constituent municipal councils, recommendations on the implementation of a reassessment program.

AFFIRMATIVE ACTION

53. Taxing Matters Recommendation: It is recommended that affirmative action efforts be undertaken to increase the representation of women as members of the Assessment Review Board, in view of their current representation of 4.6%. [Section 3(b)] (page 42)

AMO Response: AMO agrees, in part, with the recommendation in Taxing Matters.

Discussion: The Association is supportive of Affirmative Action Programs for all employees subject to equal employment opportunity practices, including the hiring and promotion of all individuals being based upon merit, and that this practice not be restricted to women only.

OTHER ITEMS OF CONCERN

As indicated in the "Forward" to this Association report, there are a number of assessment and taxation problems, as identified by AMO and the municipalities of the province over the past few years, that have not been addressed in the "Taxing Matters" document. AMO wishes to highlight some of these assessment issues for the government and requests that the government actively seek solutions.

Taxation of Credit Unions/Caisses Populaires

Since the original court decision on the subject, AMO has continuously supported resolutions from its member municipalities, requesting amendment to the Assessment Act, to ensure that credit unions and caisses populaires are subject to business assessment. The court decision of 1983, which exempted credit unions from business tax on the basis that they were in fact non-profit activities, has resulted in a considerable loss of tax revenue for the municipalities of Ontario.

The repercussions of this decision are still being felt, in that subsequent court decisions have used this as a precedent, for similar assessment appeals. For example, in a more recent decision of the Supreme Court of Ontario, the Ontario Jockey Club has been exempted from business assessment in the four municipalities in which it is situated (Toronto, Milton, Etobicoke and Fort Erie) on the basis of the credit union exemption argument. The Ontario Jockey Club has been designated as "non-profit gaining", and therefore is now not a business under Section 7 of the Assessment Act.

Assessment of Managed Forests, Marshlands, Conservation Authority Owned Lands

AMO has presented its concerns to the government regarding methods of taxation for conservation authority owned lands, marshlands, and managed forests. In 1983, AMO requested a review of the governments tax rebates for managed forests, as well as the development of an appropriate method for determining the taxation of conservation authority owned lands. AMO stated that such lands should be assessed at market value, but the values assigned should also reflect their limited and restricted usage.

AMO, on behalf of municipalities, has expressed concerns regarding the assessment of marshlands. AMO is aware that groups such as the Federation of Ontario Naturalists and the Ontario Federation of Anglers and Hunters have suggested that a new assessment class be created for these properties, particularly those reassessed under Section 63, to limit what they see as excessive increases in assessment. AMO has urged the government to fully review and consult with it on any revisions to assessment practices for marshlands.

Business Assessment

The Association would also like to bring to the attention of the government municipal concerns regarding Section 7(1) of the Assessment Act regarding business assessment. The question of a single rate for business tax purposes has been the subject of many studies, starting with the Smith Report of 1967. AMO has contended that property taxation reform must include the principle that a business tax should apply in a manner that disregards the status of the occupant and the nature of the business. AMO, for example, questions the rationale of distillers being assessed at 140 percent of the assessed value of land occupied, and other manufacturers assessed at 60 percent of the assessed land value.

Therefore, AMO, in its response to the Blair Commission Report in 1977, recommended that a uniform business assessment rate of 50% of the market value of real property ultimately be used. The problems related to the varying methods of business tax assessment remain with us today. AMO urges the government to review the issue of a uniform business assessment rate, as part of a total property taxation reform package.

Collecting business tax is a problem in a large number of municipalities. AMO brings to the attention of the government the need to amend federal and provincial legislation to grant preferred creditor status to municipalities for the default of payment of business taxes.

CONCLUSION

The Association of Municipalities of Ontario reiterates its offer as contained in the introductory comments of this document, to work with the government on achieving improvements to the assessment system. AMO offers its assistance in moving towards more comprehensive property taxation reform.

APPENDIX A

AMO Section Minority Reports
as submitted by
The Rural Section (ROMA)
The Large Urban Section
The Small Urban Section (OSUM)

Assessment Review and Appeal Procedures

Recommendation 4

The Executive Committee of the Small Urban Section (OSUM) has agreed with the recommendation of the Taxing Matters report and has endorsed the following position:

> That the requirement for the annual re-instatement of a properly filed appeal by an appellant be eliminated.

Rationale

It is time-consuming and costly for an individual to continue to appeal his or her assessment on the same property on an annual basis. As well, the Province should not have to maintain multiple files for each appeal on the same property.

Recommendation 6

The Executive Committee of the Rural Section (ROMA) has endorsed the following position:

> That the interest paid on tax overpayments in the case of a successful appeal should be equal to the rate charged by the municipality on overdue taxes.

Rationale

In order to establish fair and equitable treatment of all ratepayers within a municipality, one uniform rate of interest should be used in all situations.

Taxation of Non-Profit Community-Based Organizations

Recommendation 23a

The Executive Committee of the Large Urban Section has agreed with the recommendation of the Taxing Matters report and has endorsed the following position:

> That the Assessment Act be amended to provide for exemptions for non-profit child care centres which occupy educational or any other property already having an exempt status under the Act.

Rationale

Exempting non-profit child care centres which occupy property which is already exempt under the Act will serve to encourage the provision of this vital community service without harming the existing tax base.

Residential Improvements

Recommendation 41a

The Executive Committee of the Rural Section (ROMA) has endorsed the following position:

> That the reassessment of a residence for improvements be linked to the issuance of building permits to the value of $5,000.

Rationale

The Rural Section is of the opinion that linking the present exemption for residential improvements to municipalities' current building permit programs would provide for a consistent measure of building improvements and would also allow for different levels of construction costs across the province.

Reassessment Strategy

Recommendation 47a - 51

The Executive Committee of the Rural Section (ROMA) has endorsed the following position:

That the Province should implement market value assessment (Section 70 of the Assessment Act) without delay, and that the application of Section 63 first will result in an unnecessary delay.

Rationale

The utilization of a province-wide Section 63 re-assessment, as an initial step, would serve in the long run to add time and costs to the eventual market value assessment system across the province.

ACKNOWLEDGEMENTS

The Association of Municipalities of Ontario wishes to formally acknowledge appreciation to the councils of municipalities who permitted the following people to participate in the preparation of the initial response to the report "Taxing Matters: An Assessment of the Practice of Property Taxation in Ontario".

Membership of Task Force

David Hipgrave, Director, Municipality of Metropolitan Toronto Management Services, Chairman of Task Force
Albert Guiler, Clerk/Treasurer, Town of Palmerston
Gary Shay, Assistant Director of Finance, City of Burlington
Paul Brophy, Treasurer, City of Chatham
Michael Trojan, Treasurer, City of Stoney Creek
Ronald Brooks, Treasurer, City of Sarnia

The Association also wishes to express its appreciation to the following persons who acted in a resource capacity and assisted the Task Force in the preparation of the response to the report:

MacDonald Dunbar, Executive Director, AMO
Beverley Allen, Director of Policy and Legislative Services, AMO
Donald Schaefer, Former Finance Commissioner, City of Waterloo
Colin Goodfellow, Policy Analyst, AMO

The Association is indebted to all of the foregoing whose efforts contributed immeasurably to the finalization of the Association's Response in this regard.

Carl Bateman
Co-Chairman
AMO Fiscal Policy Committee

Doris Brick
Co-Chairman
AMO Fiscal Policy Committee

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